

Howard M. Levine, OSB No. 800730
Timothy A. Solomon, OSB No. 072573
SUSSMAN SHANK LLP
1000 SW Broadway, Suite 1400
Portland, OR 97205-3089
Telephone: 503-227-1111
Facsimile: 503-248-0130
Email: hlevine@sussmanshank.com
tsolomon@sussmanshank.com

Attorneys for Debtor and Debtor-in-Possession

IN THE UNITED STATES BANKRUPTCY COURT

DISTRICT OF OREGON

In re	}	Case No. 11-37108-rld11
ERP-Link Corp.,		DECLARATION OF JOHN ERIC
		ANDERSON IN SUPPORT OF FIRST
Debtor.		DAY MOTIONS

I, John Eric Anderson, declare as follows:

1. I am the president of ERP-Link Corp. (the "Debtor"), the debtor and debtor in possession in the above-referenced chapter 11 case.

2. I am submitting this declaration in support of the Motions described below.

A. MOTION FOR ORDER AUTHORIZING DEBTOR TO PAY PREPETITION WAGES, SALARIES AND EMPLOYEE EXPENSES, TO PAY ACCRUED EMPLOYEE BENEFITS AND TAXES, AND DIRECTING BANKS TO HONOR PAYROLL AND EXPENSE CHECKS

3. The Debtor's workforce consists of five employees and two subcontractors, none of whom are union employees. All seven individuals work on a full-time basis. Employees and subcontractors work in numerous capacities for the Debtor, and their duties include software programming, management, marketing,

Page 1 of 8 - DECLARATION OF JOHN ERIC ANDERSON IN SUPPORT OF FIRST DAY MOTIONS

1 business development, project management, customer support and operations.

2 4. The Debtor's employees and subcontractors are the backbone of its
3 business, and the Debtor's ability to sell its assets and maintain their value is dependent
4 upon the continued services of its workforce up to the time of sale. Without the
5 experience, knowledge, and loyalty of its employees and subcontractors, the Debtor
6 would be unable to continue functioning as a going concern long enough to maximize
7 the value of its assets for the benefit of creditors via the contemplated asset sale. If the
8 Debtor fails to pay its prepetition obligations to its employees and subcontractors, and
9 continue to honor its obligations to its employees and subcontractors, including paying
10 salary and benefits, its employees and subcontractors will suffer significant hardship,
11 and may be unable to meet their personal living expenses. Such a result would
12 obviously have a negative impact on employee morale and would likely lead to
13 unmanageable attrition.

14 5. The Debtor seeks to continue the regular payment of wages, salaries, and
15 employment-related benefits and expenses as they come due in the ordinary course,
16 including those payroll expenses that were incurred prepetition but which come due for
17 payment postpetition. The Debtor believes the timely payment of such payroll expenses
18 is necessary and desirable for a successful sale of the Debtor's assets and that such
19 payments are in the best interests of both the estate and its creditors.

20 6. Employees and subcontractors are paid bi-weekly. Pay periods always
21 end on a Friday and payday takes place 7 days later on the following Friday.
22 Approximately \$22,900 in payroll obligations will come due on August 26, 2011. The
23 Debtor also incurs vacation obligations to its employees and subcontractors in the
24 ordinary course of its business. As of the Petition Date, the value of the Debtor's
25 accrued but unused aggregate vacation time obligations totaled \$51,736.

26 Page 2 of 8 - DECLARATION OF JOHN ERIC ANDERSON IN SUPPORT OF FIRST
DAY MOTIONS

1 7. In addition, the Debtor reimburses employees and subcontractors in the
2 ordinary course for necessary business and travel expenses. The outstanding amounts
3 of such expenses as of the Petition Date are \$2,420. The Debtor estimates that
4 additional prepetition expense reimbursement obligations may be due in connection
5 with expense reimbursement requests not yet received by the Debtor. The amount of
6 such obligations, if any, is expected to be no greater than several hundred dollars at the
7 most.

8 8. The Debtor maintains a medical benefit plan.

9 9. The Debtor's products are purchased by customers to connect their SAP
10 AG software with Microsoft software. Customers expect Debtor to be a formal alliance
11 partner with both SAP and Microsoft and expect the Debtor's software to be tested and
12 certified by SAP and Microsoft. SAP charges an annual fee of \$6,000 to Debtor to be a
13 Partner and as a paid-up Partner will conduct the certification tests for Debtor. Those
14 certifications tests also cost \$6,000. Debtor's current certifications from SAP are
15 expiring, and in order for Debtor to recertify, the company must pay SAP a total of
16 \$12,000 in fees. Potential customers will not buy the Debtor's products without those
17 certifications. To continue the ongoing business, Debtor has signed the contracts for
18 renewal and plans to schedule the final certification tests around September 1, 2011.
19 Debtor will need to pre-pay the Partner and certification fees totaling about \$12,000 in
20 order to conduct and receive the certification form SAP.

21 10. The Debtor is required to make various unemployment insurance and
22 workers compensation payments to relevant state authorities. The Debtor was current
23 on all such amounts as of the Petition Date.

24 11. In addition, the Debtor must pay any and all local, state, and federal
25 withholding and payroll related taxes due to such authorities. The Debtor was current
26

Page 3 of 8 - DECLARATION OF JOHN ERIC ANDERSON IN SUPPORT OF FIRST
DAY MOTIONS

1 on all such amounts due through the Petition Date.

2 12. The Debtor will be obligated to pay on account of payroll related taxes on
3 the next payroll due on August 26, 2011, the sum of \$1,236.

4 **B. MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS AUTHORIZING USE**
5 **OF CASH COLLATERAL**

6 13. The Debtor and Walter Weyler Jr. (the "Lender") are parties to a document
7 entitled "Secured Promissory Note" dated September 8, 2008 as to which Lender filed a
8 UCC-1 financing statement on September 9, 2010 (collectively, the "Loan Documents").
9 Pursuant to the Loan Documents, Lender asserts he holds a security interests in all of
10 the assets described in the Loan Documents.

11 14. I believe the Lender asserts the balance due to him is no less than
12 \$280.090. I further believe the Lender contends this amount is fully secured by the
13 terms and provisions of the Loan Documents. I believe the balance due is less than
14 Lender asserts, and that not all of the Debtor's obligations to Lender are secured by the
15 collateral described in the Loan Documents.

16 15. In order to operate its business until its assets are sold, Debtor will need to
17 use cash collateral in which Lender contends it has an interest.

18 16. The Debtor requires the use of the Lender's Cash Collateral to preserve
19 the value of the Debtor's business as a going concern and to preserve and maintain the
20 assets of the bankruptcy estate. Without use of such cash collateral, the Debtor will
21 lack sufficient funds to maintain his continuing operations and the Debtor will be unable
22 to comply with the terms of the Asset Purchase Agreement.

23 17. The Debtor's use of the Lender's Cash Collateral will enable the Debtor to
24 pay the expenses of its business, and pay the administrative expenses of this Chapter
25 11 case.

26 Page 4 of 8 - DECLARATION OF JOHN ERIC ANDERSON IN SUPPORT OF FIRST
DAY MOTIONS

1 18. The Debtor cannot continue to operate his business, or preserve the value
2 of his assets, without the use of the Lender's Cash Collateral on the terms set forth in
3 the Interim Order. The value of the Debtor's business and assets, if sold other than as
4 a going concern is significantly less than the offer from Gimmel. Debtor will face
5 immediate and irreparable harm if the relief requested is not granted.

6 19. It is in the best interests of Debtor, its creditors, and its estate for Debtor to
7 use the Lender's Cash Collateral because the use of the Lender's Cash Collateral will
8 allow the continued operation of Debtor's business as a going concern, will allow the
9 Debtor to comply with the ordinary course operations provision of the Asset Purchase
10 Agreement, and will maximize the likelihood of reorganization, thereby maximizing the
11 recovery to all creditors. Without use of the Lender's Cash Collateral, Debtor's business
12 operations will need to immediately cease.

13 **C. MOTION FOR ENTRY OF ORDER DETERMINING ADEQUATE ASSURANCE**
14 **OF PAYMENT TO UTILITY COMPANIES AND FOR ORDER TO SHOW**
15 **CAUSE**

16 20. In connection with the operation of its business, the Debtor obtains
17 telephone, electric, and similar services (collectively, the "Utility Services") from several
18 companies (the "Utility Companies").

19 21. If Utility Companies are permitted to terminate Utility Services without
20 notice to the Debtor or an opportunity for hearing, Debtor's business could be severely
21 impacted, and would likely have to shut down altogether.

22 **D. MOTION FOR ORDER AUTHORIZING CONTINUED USE OF EXISTING BANK**
23 **ACCOUNT AND BUSINESS FORMS**

24 22. As of the Petition Date, the Debtor maintained an operating bank account
25 (the "Existing Bank Account") at KeyBank (the "Bank").

26 23. In the ordinary course of its operations, the Debtor deposits its receipts
into the Existing Bank Account, and also uses the Existing Bank Account to pay its

1 necessary business expenses.

2 24. Prior to the Petition Date, the Debtor utilized customized correspondence
3 and business forms, including, but not limited to, checks, letterhead, envelopes,
4 promotional materials, and other forms (collectively, the "Business Forms").

5 25. It is important that the Debtor be authorized to continue using the Existing
6 Bank Account. If the Debtor were required to close the Existing Bank Account and open
7 a new bank account, disruption, confusion, and delayed payments would result. This, in
8 turn, would strain the Debtor's relationships with its suppliers, vendors, and employees.
9 The administrative burden of overseeing such a transition also would place an
10 unnecessary burden on the Debtor.

11 26. The interests of all parties will be served by permitting the Debtor to
12 maintain the Existing Bank Account, which will preserve continuity and avoid disruptions
13 to the Debtor's business.

14 27. I believe there are few outstanding prepetition checks that have not been
15 deposited and honored as of the Petition Date. I understand that the Bank will not be
16 able to honor such checks, to the extent they had not cleared by the time of the Debtor's
17 filing.

18 28. If the Debtor were required to create new Business Forms, it would be
19 required to expend significant estate resources, and delays would inevitably result,
20 without any commensurate benefit to any party in interest.

21 **E. DEBTOR'S MOTION FOR ORDER: (A) ESTABLISHING NOTICE AND**
22 **BIDDING PROCEDURES IN CONNECTION WITH A CONTEMPLATED SALE**
23 **OF ASSETS TO GIMMAL HOLDINGS LLC; AND (B) SCHEDULING AN**
24 **AUCTION**

25 29. On August 16, 2011, the Debtor signed an Asset Purchase Agreement
26 (the "Agreement") with Gimmel Holdings LLC ("Purchaser"), pursuant to which the
Debtor will sell to Purchaser (or other successful bidder) substantially all the assets of

Page 6 of 8 - DECLARATION OF JOHN ERIC ANDERSON IN SUPPORT OF FIRST
DAY MOTIONS

1 the estate.

2 30. Pursuant to the Agreement, as requested by the Purchaser, and in the
3 interest of ensuring a fair and clear notice and sale procedure, it is necessary and
4 desirable to obtain an order from this Court setting forth the process by which
5 substantially all of the Debtor's assets will be sold.

6 31. The Debtor proposes to sell substantially all of its assets to Purchaser,
7 subject to the terms of the Agreement. The Debtor has received inquiries from other
8 potential purchasers who have expressed an interest in possibly acquiring assets of the
9 Debtor.

10 **F. MOTION FOR ORDER ASSUMING AND ASSIGNING CERTAIN EXECUTORY**
11 **CONTRACTS PURSUANT TO SECTIONS 105 AND 365 OF THE**
BANKRUPTCY CODE

12 32. The Debtor is a party to numerous executory contracts (the "Contracts").

13 33. As part of the contemplated sale of its assets, the Debtor has agreed,
14 among other things, to assume and assign some or all of the Contracts to the
15 Purchaser.

16 34. The Debtor believes that it is in default with respect to only one Contract.
17 This is a monetary default in the amount of \$76,499.00 relating to the Contract between
18 the Debtor and Norikkon. The Debtor is working with the Purchaser and Norikkon to
19 negotiate a cure for the default.

20 35. The Purchaser has demonstrated that it is an established company with
21 the financial wherewithal to perform under the Contracts.

22 **G. MOTION FOR EXPEDITED HEARING RE FIRST DAY MOTIONS**

23 36. As discussed above, the Debtor has entered into an agreement to sell
24 substantially all the assets of the estate.

25 37. If the contemplated sale transaction is not consummated by October 15,

26
Page 7 of 8 - DECLARATION OF JOHN ERIC ANDERSON IN SUPPORT OF FIRST
DAY MOTIONS

1 2011, the Purchaser is not required to complete the purchase. If the business is not
2 sold by that date, it is unlikely the Debtor will be able to maintain its business operations
3 long enough to find another purchaser.

4 38. In addition, if the Debtor cannot continue to pay wages, use its existing
5 bank account, use cash collateral, and enjoy uninterrupted access to its utility services,
6 the Debtor will not be able to function as a going concern. In that event, the
7 contemplated sale might not occur, to the harm of the estate's creditors.

8 39. I declare under penalty of perjury that the foregoing is true and correct.

9 Executed this 17th day of August, 2011 at Portland, Oregon

10 */s/ John Eric Anderson*

11 John Eric Anderson

12 F:\CLIENTS\21470\001\PLEADINGS\P-DECLARATION IN SUPPORT - ERIC ANDERSON (FINAL).DOC
13
14
15
16
17
18
19
20
21
22
23
24
25
26

CERTIFICATE OF SERVICE

I, Janine E. Hume declare as follows:

I am employed in the County of Multnomah, state of Oregon; I am over the age of eighteen years and am not a party to this action; my business address is 1000 SW Broadway, Suite 1400, Portland, Oregon 97205-3089, in said county and state.

I certify that on August 17, 2011, I served, **via Federal Express or U.S.P.S Express Mail**, a full and correct copy of the foregoing **DECLARATION OF JOHN ERIC ANDERSON IN SUPPORT OF FIRST DAY MOTIONS**, to the parties of record, addressed as follows:

See attached service list.

I also certify that on August 17, 2011, I served the above-referenced document(s) on all ECF participants as indicated on the Court's Cm/ECF system.

I swear under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: August 17, 2011.

/s/ Janine E. Hume

Janine E. Hume, Legal Assistant

F:\CLIENTS\21470\002\SERVICE INFORMATION\CERTMASTER.DOC

Ater Wynne LLP
1331 NW Lovejoy St.,
Suite 900
Portland, OR 97209-3280

Battle Mountain Properties
662 N 2600 W
Mesquite, NV 89027

Chase Cardmember Service
P O Box 94014
Palatine, IL 60094-4014

Christopher Kruell
P O Box 10061
Portland, OR 97296

Citi
P O Box 6500
Sioux Falls, SD 57117-6500

Douglas D. Sater
826 Bandolier Lane
Washington, UT 84780

Farell Petersen
1112 Goldenrod Circle
St. George, UT 84790

Geffen Mesher & Co. PC
888 SW Fifth Ave., Suite 800
Portland, OR 97204

Gimmel Group
2400 Greenway Plaza, Suite 800
Houston, TX 77046

Hiram A Smith
662 N. 2600 W
Mesquite, NV 89027

James & Denise Dillion
1961 Twin Sun Circle
Walled Lake, MI 48390

JMSI, Inc.
269 S. Beverly Drive
PMB# 683
Beverly Hills, CA 90212

John Kallen Consult, AB
Fleminggtan 55
112 32 Stockhoml
Sweden

Josef Leicht
7400 SW Barnes Road
Portland, OR 97225

Lynn A. Miller
677 Sky Mountain Blvd
Hurricane, UT 84737

Norikkon
1218 Oxford Place
Cary, NC 27511

Ron Johnson
3389 S. 700 W.
Salt Lake City, UT 84119-4115

Steven Schroeder
3389 S. 700 W.
Salt Lake City, UT 84119-4115

Todd Mackey
226 Hill Ct.
Castle Rock, CO 80104

Walter Weyler, Jr.
2135 SW Altadina Ct.
Portland, OR 97219

Internal Revenue Service
P O Box 7346
Philadelphia, PA 19101-7346

The Attorney General of USA
Department of Justice
10th & Constitution NW
Washington, DC 20530

Internal Revenue Service MS240
100 SW Main St., Suite 1200
Portland, OR 97204-2871

Oregon Dept. of Revenue
ODR Bankruptcy
955 Center St.
Salem, OR 97301

Oregon Attorney General
Department of Justice
1162 Court St. NE
Salem, OR 97301

State of California
Franchise Tax Board
P O Box 942857
Sacramento, CA 94257

Consumer Law, Attn: Bankruptcy
CA Atty General Office
455 Golden Gate Ave, Ste 11000
San Francisco, CA 94102

State of Colorado
Department Of Revenue
1375 Sherman St.
Denver, CO 80261

Office of the Attorney General
Colorado
1525 Sherman St., 7th Flr.
Denver, CO 80203

State of Florida
5050 West Tennessee St.
Tallahassee, FL 32399

Office of the Attorney General
State of Florida
The Capital L-01
Tallahassee, FL 32399-1050

State of New Jersey
P O Box 929
Trenton, NJ 08646-0929

Office of the Attorney General
State of New Jersey
P O Box 080
Trenton, NJ 08625-0080

State of New York
P O Box 1909
Albany, NY 12201-1909

Office of the Attorney General
The Capital
Albany, NY 12224-0341

State of South Carolina
301 Gervais St.
P O Box 125
Columbia, SC 29214

The Honorable Alan Wilson
Attorney Generals Office
P O Box 11549
Columbia, SC 29211

Pacific Power
Attn. Its Representative
CT Corporation System
388 State St. Suite 420
Salem, OR 97301

Sterling Communications, Inc.
Attn. Its Representative
Tom Gillihan
14945 SW Sequoia Pkwy, #110
Portland, OR 97224

Verizon Wireless Services, LLC
Attn. Its Representative
CT Corporation System
388 State St. Suite 420
Salem, OR 97301

Mark Finkelstein
Shannon, Martin, Finkelstein &
Alvarado, P.C.
1001 McKinney Street, Suite 1100
Houston, TX 77002-6424

ERP-Link Corp.
510 SW Fifth Ave.
Suite 200
Portland, OR 97204

SEC

Attn: Bankruptcy Counsel
5670 Wilshire Blvd., 11th Floor
Los Angeles, CA 90036